

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, OCTOBER 5, 2010**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, October 5, 2010, commencing at 7:00 a.m.

Present: Council Member Hansen, Council Member Johnson, Council Member Mounce, and Mayor Katzakian

Absent: Mayor Pro Tempore Hitchcock

Also Present: Interim City Manager Bartlam, City Attorney Schwabauer, and City Clerk Johl

B. Topic(s)

B-1 Receive Presentation Regarding Fourth Quarter Fiscal Year 2009/2010 Water, Wastewater and Electric Utility Department Financial Reports (CM)

Interim City Manager Rad Bartlam introduced the subject matter of the fourth quarter Fiscal Year 2009/10 water, wastewater, and electric utility department financial reports.

Electric Utility Director Elizabeth Kirkley provided a PowerPoint presentation regarding the Electric Utility Department quarterly update. Specific topics of discussion included an overview through June 30, 2010, FY10 financial results, non-power operating expenditures, power supply, power sales, sales comparison, billing statistics, Energy Cost Adjustment revenue, Northern California Power Agency (NCPA) general operating reserve (GOR), FY11 "Open Position," and conclusion.

In response to Council Member Mounce, Ms. Kirkley stated other revenues include interest but not sales.

In response to Council Member Mounce, Ms. Kirkley stated that, over the last year and during the interim period when there was no electric utility director, several capital projects did not progress as anticipated.

In response to Council Member Mounce, Ms. Kirkley stated the increase in the GOR was from the \$5 million refund from the Lodi Energy Center, which is housed at NCPA.

In response to Council Member Mounce, Ms. Kirkley stated the public benefit programs did not have as much participation as anticipated based primarily on the economy.

In response to Council Member Hansen, Ms. Kirkley stated public benefit monies carry over from year to year and also include the incentives for businesses.

In response to Council Member Johnson, Ms. Kirkley stated 2.5% of revenues must be put toward public benefit programs, unused funds continue to remain in the public benefits program line item, and staff is currently reviewing various projects for which that funding can be used.

In response to Council Member Hansen, Ms. Kirkley stated staff is looking at options to make the City's street light system more energy efficient.

In response to Council Member Johnson, Ms. Kirkley stated staff does look internally for projects

that may help bring energy efficiency to City facilities, which also benefits the public at large.

In response to Council Member Hansen, Ms. Kirkley stated the transmission numbers include Cal-ISO.

In response to Council Member Mounce, Mr. Bartlam stated the Electric Utility reserve policy will be coming to Council for consideration in approximately a month and the requested reserve numbers with respect to what NCPA requires versus recommends will also be covered.

In response to Council Member Hansen, Ms. Kirkley stated in terms of load coverage the City is covered with a conservative 4% open position.

In response to Mayor Katzakian, Ms. Kirkley stated staff is reviewing the 2012/13 open position on a monthly basis and will forward the current numbers as requested. Mr. Bartlam stated the open and closed position percentages are determined by the relevant policy and review of the Risk Oversight Committee and the position numbers will also be affected by the new Lodi Energy Center.

In response to Mayor Katzakian, Ms. Kirkley stated staff is in the process of reviewing and purchasing gas as well.

In response to Council Member Johnson, Ms. Kirkley stated it is anticipated that the 33% recommendation will become the law for renewable sources and the City is currently at 23%.

In response to Council Member Hansen, Mr. Bartlam stated the City has been approached by a company to look at options near the White Slough facility for wind turbines.

In response to Council Member Mounce, Mr. Bartlam stated the potential for the previously considered solar power near White Slough remains and the wind turbine potential is in addition to the solar potential.

Deputy Public Works Director Charlie Swimley provided a PowerPoint presentation regarding the water and wastewater utilities. Specific topics of discussion included wastewater operating results, wastewater cash flow summary, wastewater cash balances, water operating results, water cash flow summary for operations, water cash balances, water and wastewater accomplishments, operations, regulations, water meter program schedule, self-installation option status, installations generally, and phase descriptions for installation.

In response to Council Member Mounce, Mr. Swimley stated the Woodbridge Irrigation District (WID) payment is related to ability to discharge and is not connected to the annual payment for water.

In response to Council Member Hansen, Mr. Swimley stated the engineer's estimate for the upcoming project is \$5 million but it is anticipated the project will come in lower than the estimate.

In response to Council Member Johnson, Mr. Swimley stated engineers are traditionally more conservative in their estimates regardless of the economy.

In response to Council Member Hansen, Mr. Swimley stated there will be a cost of \$100,000 per well to change a part and make the carbon-related improvement to each well.

In response to Council Member Johnson, Mr. Swimley stated the City continues to receive \$250,000 annually based on the amount of water drawn from the wells.

In response to Council Member Hansen, Mr. Swimley stated the North San Joaquin Water Conservation District pumping charge was not billed, which is why the WID payment line item is lower than anticipated.

In response to Council Member Hansen, Mr. Swimley stated the various reports are all mandated and required by the State as a condition of the operating permit.

In response to Mayor Katzakian, Mr. Swimley stated the plant is permitted until 2012 and a new round of studies is underway with some emphasis on groundwater and pharmaceuticals.

A brief discussion ensued among the City Council, Mr. Bartlam, and Public Works Director Wally Sandelin regarding the \$300 cost of the water meter itself, the \$1,200 cost of installation for the water meter, and the potential of the City charging property owners the \$300 only while recovering the remaining installation costs from other funding sources.

In response to Council Member Johnson, Mr. Sandelin stated the phases that are indicated as being complete mean that all properties in those areas were visited and determinations were made with respect to what is already there and what is additionally needed.

In response to Council Member Hansen, Mr. Bartlam provided an overview of the ratings system with Standard and Poors and Moody's, stating the City now has an A+ rating with Standard and Poors and an Aa3 rating with Moody's.

In response to Council Member Johnson, Mr. Bartlam stated there are no guarantees on what the State will do in the future but right now it continues to have the City on a monitoring status only with respect to the PCE/TCE related plumes.

In response to Mayor Katzakian, Mr. Bartlam stated there are no immediate savings for the City with the improved ratings.

In response to Council Member Johnson, Mr. Bartlam stated staff will provide additional information as requested regarding the need for the City to obtain insurance, if at all, and what the applicable rates would be.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 8:12 a.m.

ATTEST:

Randi Johl
City Clerk



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Fourth Quarter Fiscal Year 2009/10 Water, Wastewater and Electric Utility Department Financial Reports

MEETING DATE: October 5, 2010

PREPARED BY: Deputy City Manager

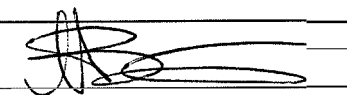
RECOMMENDED ACTION: Receive utility financial reports for the fourth quarter of the fiscal year ended June 30, 2010.

BACKGROUND INFORMATION: In accordance with the Lodi Municipal Code, quarterly financial reports are to be prepared for the Water, Wastewater, and Electric Utilities. Highlights of the operations and financial performance of each utility will be presented at the meeting of October 5, 2010.

FISCAL IMPACT: None directly related to the preparation of the report. However, the presentation is intended to keep the Council apprised of the financial conditions of the major municipal utilities.


Jordan Ayers
Deputy City Manager

APPROVED:


Konradt Bartlam, Interim City Manager



Electric Utility Department

FY10 Quarterly Update

(Through June 30, 2010)

City Council Shirtsleeve Session
October 5, 2010



Overview

Through June 30, 2010

- Net power costs are 98.8% of budget
- Non-power costs are 93.2% of budget
- Debt Service costs are 103.8% of budget
- Revenues are down 3.8%
- NCPA cash reserve (GOR) up ~\$5.1M



FY10 Financial Results

Through June 30, 2010

	FY10 Budget	FY10 Actuals	% of Budget
Revenue			
Sales Revenues	72,570,671	69,663,688	96.0%
Other Revenues	579,000	624,698	107.9%
Total Revenues	73,149,671	70,288,386	96.1%
Expenses			
Purchased Power	43,969,873	43,425,893	98.8%
Non Power	13,792,750	12,849,015	93.2%
Total Expenses	57,762,623	56,274,908	97.4%
Net Revenue for Debt Service	15,387,048	14,013,478	91.1%

Debt Service	7,169,265	7,442,265	103.8%
Capital Expenditures	740,249	158,019	21.3%
Net Revenue	7,477,534	6,413,194	85.8%
In-lieu Transfer to General Fund	6,976,670	6,976,670	100.0%
Net Increase (Decrease)	500,864	(563,476)	

	Jun 30, 2009	Jun 30, 2010
Local Cash Balance	12,003,103	12,125,836
GOR	5,904,783	11,011,668
Total Available Cash	\$17,907,886	\$23,137,504



Non-Power Operating Expenditures

Through June 30, 2010

	FY10 Budget	FY10 Actual	% of Budget
Personnel	6,214,475	5,881,464	95%
Supplies, Materials, Services	2,070,264	1,907,849	92%
Equipment, Land, Structures	939,029	870,151	93%
Other Payments	1,143,849	761,805	67%
Communication & Transportation	68,750	71,364	104%
Cost of Service Transfer	3,356,383	3,356,383	100%
Total Operating Expenses	\$13,792,750	\$12,849,015	93.2%



Power Supply

Through June 30, 2010

	Estimated	Actual	Change	% Change
Generation	\$ 35,993,996	\$ 37,946,595	\$ 1,952,599	5.1%
Transmission	\$ 6,692,766	\$ 5,624,247	\$ (1,068,519)	-19.0%
Management Services	\$ 2,308,046	\$ 2,308,046	\$ -	0.0%
Third Party Revenue	\$ (671,566)	\$ (1,754,427)	\$ (1,082,861)	61.7%
Adjustments		\$ (698,568)	\$ (698,568)	
TOTAL	\$ 44,323,242	\$ 43,425,893	\$ (897,349)	-2.1%



Power Sales

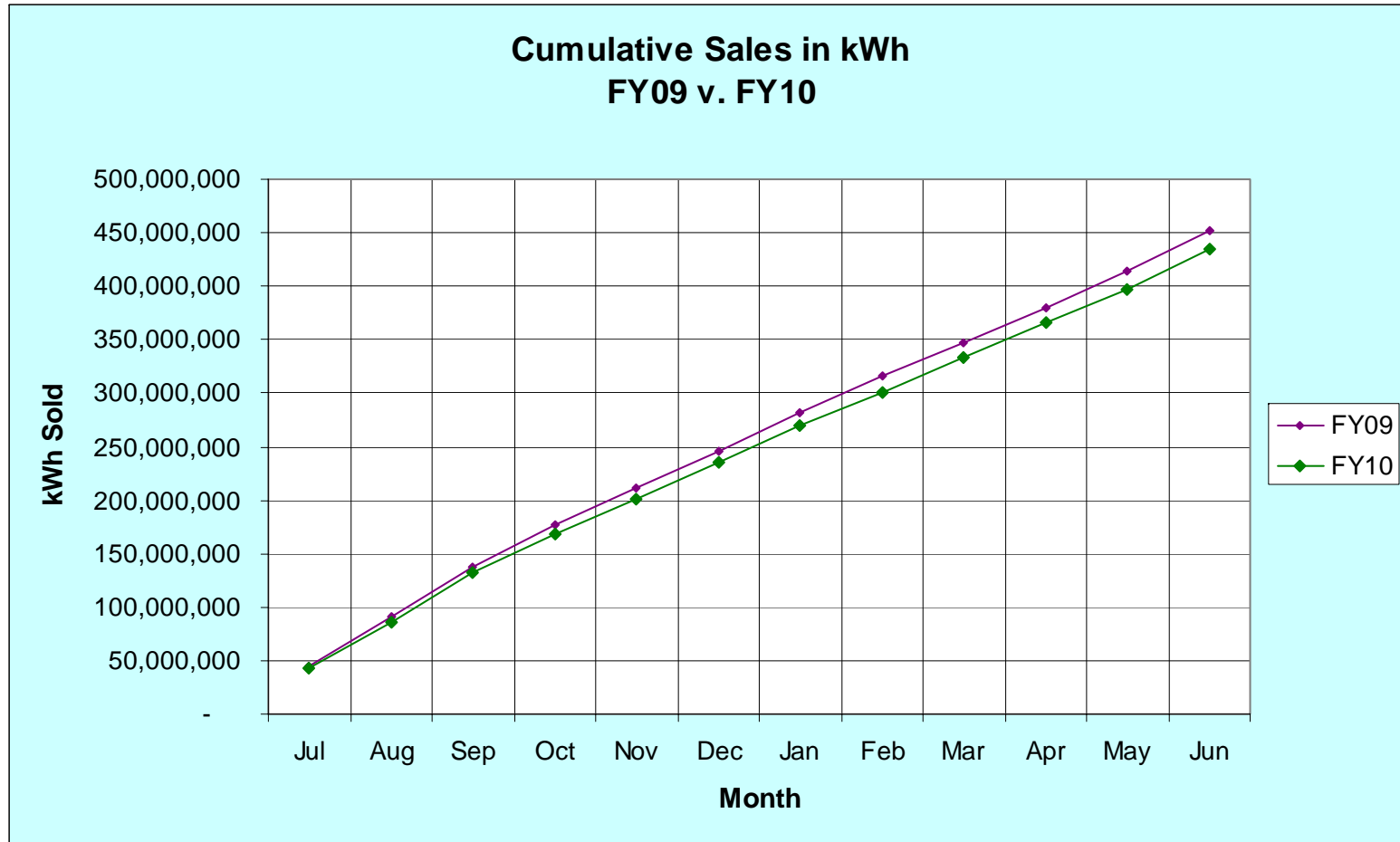
Through June 30, 2010

	FY10 Projections	FY10 Actuals	% Difference
kWh	448,406,895	434,020,987	-3.2%
Revenue	\$ 72,570,671	\$ 69,663,688	-4.0%

	Year	HDD	Normal	CDD	Normal
July	2009	0	0	357	390
August	2009	0	0	335	363
September	2009	4	5	309	247
October	2009	111	76	20	73
November	2009	364	348	0	0
December	2009	600	609	0	0
January	2010	533	592	0	0
February	2010	362	391	0	0
March	2010	357	313	0	0
April	2010	289	169	2	18
May	2010	112	54	22	111
June	2010	0	6	239	254
FY10 Total		2732	2563	1284	1456



Sales Comparison





Billing Statistics

Through June 30, 2010

Budgeted FY10			
Customer Class	kWh Sales	Revenue	Average Rate
Residential	152,241,857	\$ 28,362,023	\$ 0.1863
Small Commercial	166,168,843	\$ 28,339,923	\$ 0.1705
Large Commercial/Small Industrial	35,545,525	\$ 5,303,826	\$ 0.1492
Industrial	94,450,670	\$ 10,564,898	\$ 0.1119
TOTAL	448,406,895	\$ 72,570,671	\$ 0.1618

Actual FY10			
Customer Class	kWh Sales	Revenue	Average Rate
Residential	150,811,587	\$ 27,642,199	\$ 0.1833
Small Commercial	158,208,540	\$ 27,006,453	\$ 0.1707
Large Commercial/Small Industrial	36,924,346	\$ 5,535,616	\$ 0.1499
Industrial	88,076,514	\$ 9,479,420	\$ 0.1076
TOTAL	434,020,987	\$ 69,663,688	\$ 0.1605



ECA Revenue

Customer Class	Q1	Q2	Q3	Q4	Total
Residential	295,418	480,611	1,109,892	539,189	2,425,110
Small Commercial	280,296	543,267	1,086,278	639,218	2,549,059
Large Commercial/Small Industrial	64,863	124,632	262,011	154,716	606,221
Industrial	147,550	286,102	647,529	388,390	1,469,571
Total ECA Revenue	\$ 788,127	\$ 1,434,612	\$ 3,105,710	\$ 1,721,513	\$ 7,049,961



NCPA “GOR”

GOR levels

- \$ 5,904,783 (June 30, 2009)
- \$11,011,668 (June 30, 2010)
- Interest income of \$26,793
- TANC Refund of \$106,448
- Budget Settlement of \$953,282
- LEC Reimbursements of \$4,705,883

Less Cal Parties settlement of \$685,521

\$5,106,885 Increase



FY11 “Open Position”

	Lodi Total Surplus/(Deficit)	kWh Load	% of Load	Lodi HLH Surplus/(Deficit)	kWh Load	% of Load	Lodi LLH Surplus/(Deficit)	kWh Load	% of Load
July 2010		44,967			29,538	0.00%		15,429	0.00%
August		47,090			30,906	0.00%		16,183	0.00%
September		44,129			28,294	0.00%		15,834	0.00%
October	1,541	32,497	4.74%	617	20,599	2.99%	924	11,898	7.77%
November	2,449	28,838	8.49%	1,839	18,312	10.04%	611	10,526	5.80%
December	101	32,629	0.31%	752	20,704	3.63%	(651)	11,925	-5.46%
January 2011	(4,886)	37,362	-13.08%	(2,682)	22,885	-11.72%	(2,204)	14,477	-15.22%
February	(3,725)	32,292	-11.54%	(2,305)	20,879	-11.04%	(1,421)	11,413	-12.45%
March	(2,443)	34,814	-7.02%	(1,418)	22,949	-6.18%	(1,024)	11,865	-8.63%
April	(4,145)	35,625	-11.64%	(4,315)	23,098	-18.68%	169	12,527	1.35%
May	(2,808)	40,089	-7.01%	(2,833)	25,044	-11.31%	25	15,045	0.16%
June	1,333	41,000	3.25%	359	27,404	1.31%	974	13,596	7.16%
FY Total	(12,584)	451,331	-2.8%	(9,987)	290,613	-3.4%	(2,597)	160,719	-1.6%
Bal Yr Total	(12,584)	315,146	-4.0%	(9,987)	201,874	-4.9%	(2,597)	113,272	-2.3%



Conclusion

Through June 30, 2010

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- Non-power costs are 93.2% of budget
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Net Revenue	7,477,534	6,413,194	85.8%
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	Jun 30, 2009	Jun 30, 2010
Local Cash Balance	12,003,103	12,125,836
GOR	5,904,783	11,011,668
Total Available Cash	\$ 17,907,886	\$ 23,137,504



Public Works Department Water/Wastewater

FY 10 Quarterly Update (Through June 30, 2010)

City Council Shirtsleeve Session
October 5, 2010

Wastewater Operating Results

(Ending June 30, 2010)

	Budget	Actuals	% of Budget
Personnel	\$ 2,842,298	\$ 2,793,663	98%
Supplies, Materials, Services	\$ 2,704,038	\$ 1,662,218	61%
Equipment, Land, Structures	\$ 49,082	\$ 27,999	57%
Other Payments	\$ 172,357	\$ 273,845	159%
Communication & Transportation	\$ 925,550	\$ 847,169	92%
Work for Others	\$ 43,700	\$ -	0%
Total Operating Expenses	\$ 6,737,025	\$ 5,604,894	83%

Wastewater Fund
Cash Flow Summary
Operations
(Ending June 30, 2010)

Revenue	
Sales	11,317,172
Other (interest, septic, misc.)	165,697
Total Revenues	11,482,869
Expenses	
Operating	5,604,894
Debt Service	2,831,600
Cost of Services Payment To General Fund	1,451,478
Total Expenses	9,887,972
Net Increase in Undesignated Reserves	1,594,897

Wastewater Funds
Cash Balances
(Ending June 30, 2010)

Operating (170)	2,927,294
Utility Capital / Infrastructure Replacement (171)	5,016,530
Capital Reserve (172) (Fund used to pay White Slough COP Debt Service)	(1,708,371)
Capital Reserve Restricted Assets (172) (White Slough COP Remaining Proceeds)	5,407,605
IMF (173)	596,161
Total	12,239,219

Water Operating Results

(Ending June 30, 2010)

	Budget	Actuals	% of Budget
Personnel	\$ 1,307,549	\$ 1,240,807	95%
Supplies, Materials, Services	\$ 737,011	\$ 445,332	60%
Equipment, Land, Structures	\$ 4,000	\$ 51,404	1285%
Other Payments	\$ 1,464,250	\$ 1,277,697	87%
Communication & Transportation	\$ 917,040	\$ 733,653	80%
Work for Others	\$ 345,000	\$ 287,850	83%
Total Operating Expenses	\$ 4,774,850	\$ 4,036,743	85%

Water Fund
Cash Flow Summary
Operations
(Ending June 30, 2010)

Revenue	
Sales	6,496,837
Other (interest, septic, misc.)	65,678
Total Revenues	6,562,515
Expenses	
Operating	4,036,743
Debt Service	51,063
Cost of Services Payment To General Fund	1,060,122
Total Expenses	5,147,928
Net Increase in Undesignated Reserves	1,414,587

Water Funds
Cash Balances
(Ending June 30, 2010)

Operating (180)	3,113,513
Utility Capital / Infrastructure Replacement (181)	11,502,749
IMF (182)	(495,658)
PCE/TCE Settlements	14,318,722
PCE/TCE Rates (185)	3,722,300
Total	32,161,626



Water / Wastewater Utility Accomplishments

Operational

- Water Distribution
- Water Production
- Collection System
- Wastewater Treatment
- Regulatory
 - SSO's
 - Discharge Violations
 - Monitoring and Reporting

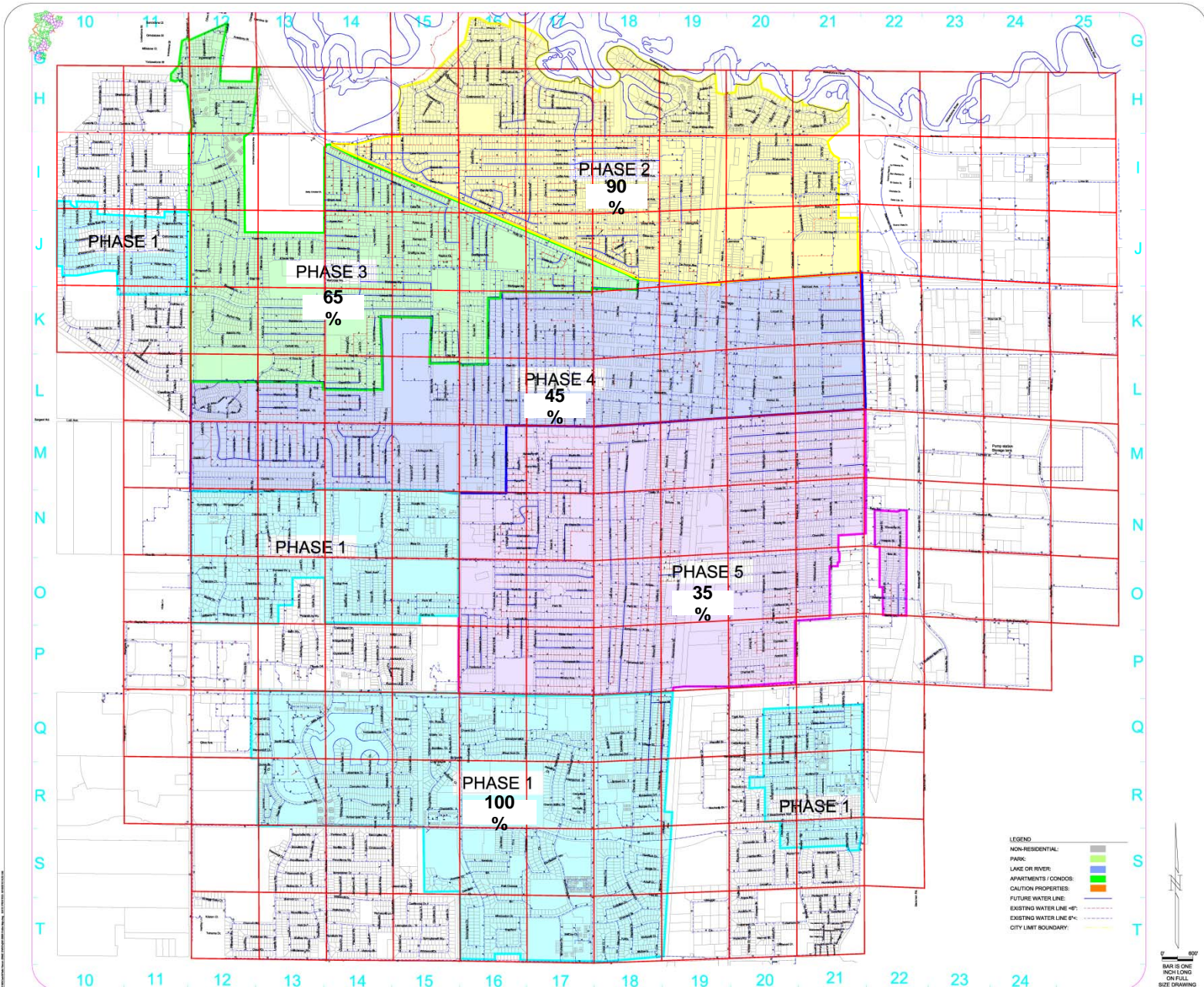
QUESTIONS

Water Meter Program Schedule

2010	Self Installation
2010	Field Work Classifies Installations
April – June	Lump Sum Prepayment
July 1	Installment Payments Begin
2010	Phase 1
2011	Phase 2
2012	Phase 3
2013	Phase 4
2014	Phase 5

Self Installation

- 56 Inquiries
- 40 Eligible
- 20 Installations
- Cost About \$900 - \$925

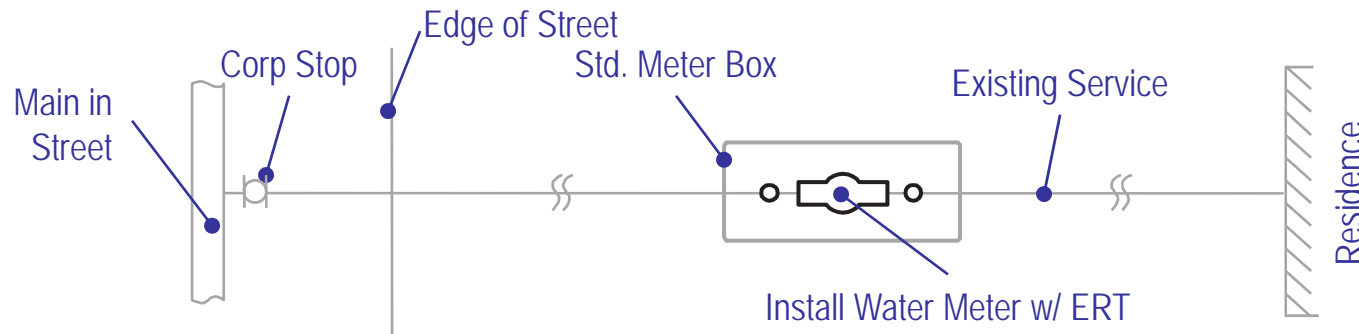


CITY OF LODI
PUBLIC WORKS DEPARTMENT

**CITY GRID MAP
WATER METER PHASES**

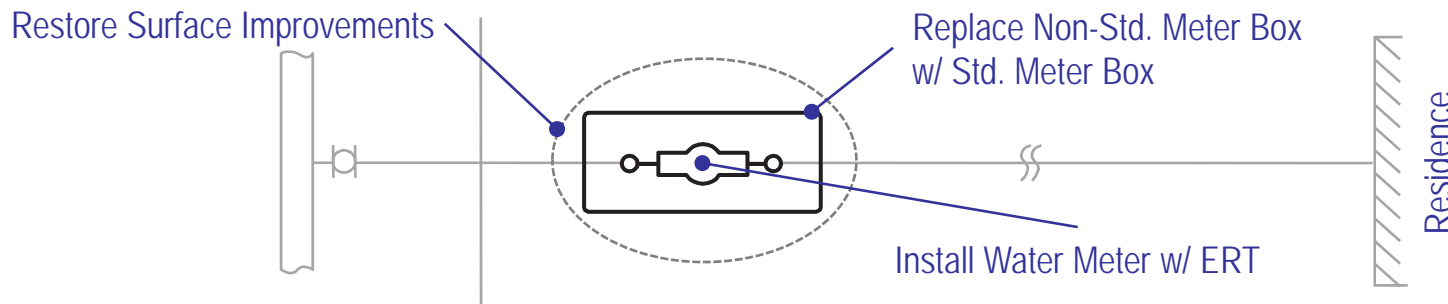
Installation

Class



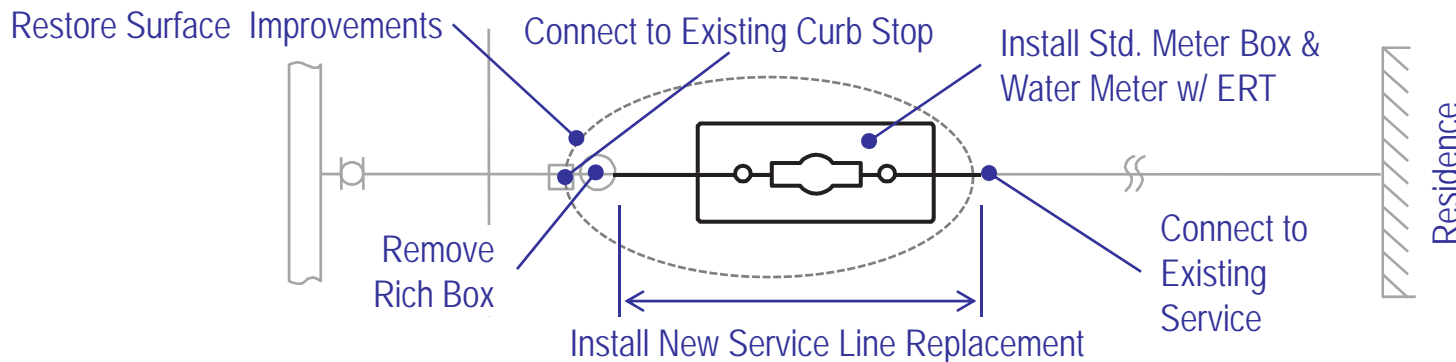
Post-1992

Prepaid
(\$300 by City)



1979 - 1992

Non-Standard
Meter Box (\$450)

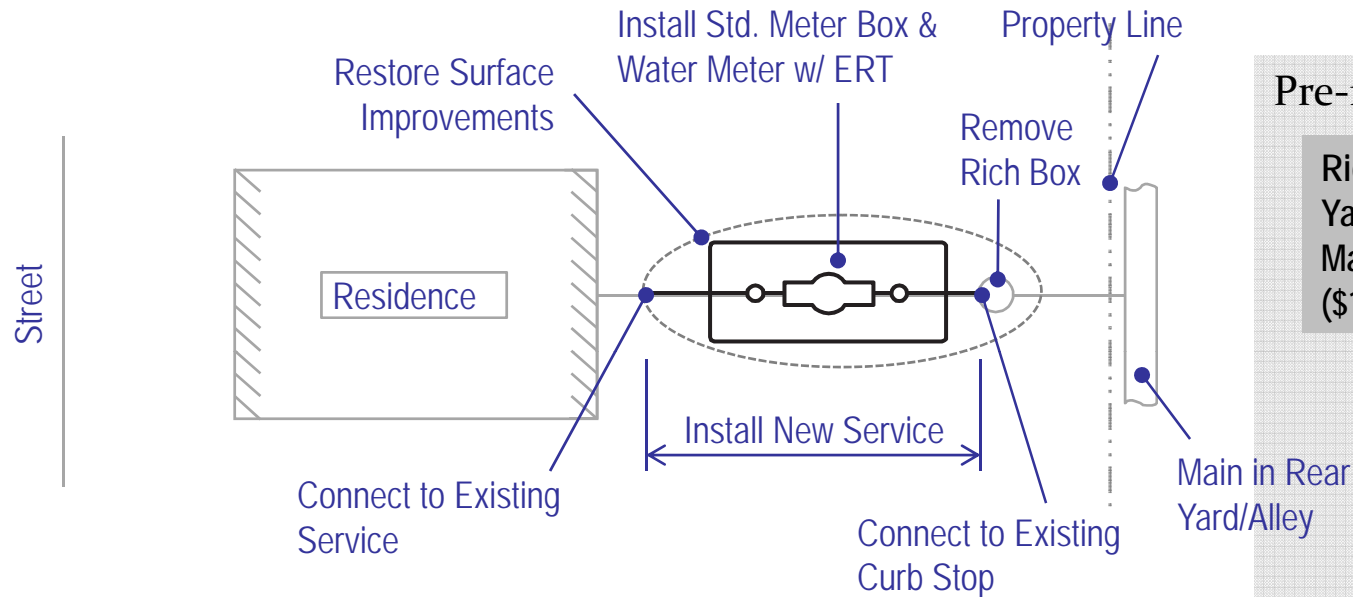


Pre-1979

Rich Box in Front
Yard (\$1,100)

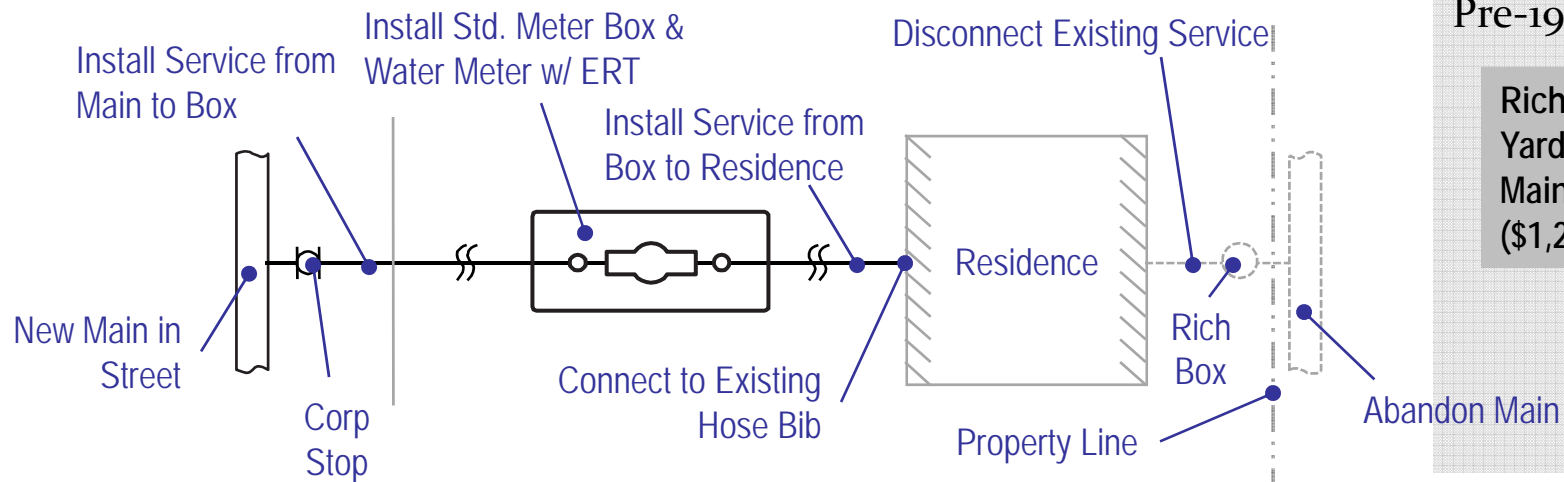
Installation

Class



Pre-1979

Rich Box in Rear
Yard or Side Alley
Main > 6-Inch
(\$1,200)



Pre-1979

Rich Box in Rear
Yard or Side Alley
Main < 6-Inch
(\$1,200)

Phase Description

Phase	Meters	Pipe Length (ft)	Estimated Cost
1	3694	4249	5201000
2	2243	27681	7313000
3	2119	27673	7046000
4	2461	33194	8752000
5	2407	41800	10199000

QUESTIONS